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d.o.o. RIJEKA
Revizija, porezno savjetovanje,
financijske analize i usluge
F. la Guardia 13, 51000 Rijeka
Hrvatska

THE PORT OF PLOČE AUTHORITY
TRADE AND TRANSPORT INTEGRATION PROJECT IN PORT OF PLOČE

IBRD Loan no.7410 HR and 8077 HR

PROJECT FINANCIAL STATEMENTS

DESIGNATED ACCOUNT STATEMENT

AND INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED
DECEMBER 31, 2013

Appendix I

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INDEPENDENT AUDITORS' REPORT
FOR THE NEEDS OF THE WORLD BANK (IBRD)

Port of Ploče Authority
20340 Ploče, Trg kralja Tomislava 21
Croatia

Introduction

We have audited the accompanying statement of assets and sources /liabilities/ for Trade and Transport Integration Project in port of Ploče (the "Project") financed from IBRD Loan (Agreement No. 7410 HR and 8077 HR), Republic of Croatia's State budget and own funds as of December 31, 2013 and the Statement on sources of financing and uses of funds for the year then ended December 31, 2013, with the related Notes to project financial statements (all together, the "Project Financial Statements"). The Project Financial Statements are the responsibility of the Executive director. Our responsibility is to express an opinion on these Project Financial Statements based on our audit in accordance with International Standards on Auditing.

Scope

We conducted our audit in accordance with International Standards of Auditing (ISA) and World Bank guidelines "Annual Financial Reporting and Auditing for World Bank – Financed Activities (from June 2003)". Also we took into consideration required procedures, rules and guidelines set by the Bank:

- Reference Material to the Financial Management Manual for World Bank-Financed Investment Operations (March 2010): RM 3 - Financial Reporting and Auditing;
- Disbursement Handbook for World Bank Clients, dated May 2006;
- Disbursement Guidelines for Projects, dated May 2006;
- Guidelines: Procurement Under IBRD Loans and IDA Credits (revised May 2010);
- Guidelines: Selection and Employment of Consultants by World Bank Borrowers (revised May 2010).

Those standards, rules and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the Project Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Project Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Project Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying Project Financial Statements present fairly, in all material respects, the assets and sources /liabilities/ of the Project financed under World Bank Loan Agreement No. 7410 HR and 8077 HR, State budget, as well as Port Authority's own funds as of December 31, 2013 and the sources and uses of funds for the year then ended, in accordance with Republic of Croatia's legal regulations.

Emphasis of Matter

/i/ With respect to the provided reviews we point out:
(a) that adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred;
(b) that these expenditures were eligible for Project financing under IBRD Loan 7410 HR and 8077 HR.

/ii/ The supplementary information included in Appendix I to the Project Financial Statements is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Supplementary information has been subjected to the audit procedures applied in our audits of the Port Authority's financial statements and, in our opinion, give a true and fair view of all materially significant items, and should be viewed as a whole within Port Authority's basic financial statements.

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CERTIFIED AUDITORS:

Ljiljana Benčić Markulin

Zdravko Ružić

May 9, 2014

STATEMENT OF ASSETS AND LIABILITIES /SOURCES/
As of December 31, 2013

(in EUR)

	Note	31.12.2013. in EUR	31.12.2012. in EUR
ASSETS			
Cash			
Designated account IBRD	/iii/	**1.658.144,00**	**2.743.811,00**
Project expenses		**85.695.551,00**	**61.921.888,00**
Construction works		70.261.752,00	48.870.317,00
Goods, consulting services and training		11.448.500,00	9.411.402,00
PPD Advance		349.582,00	349.582,00
Capitalized interest - IBRD 7410 HR *	/iv/	2.988.178,00	2.742.127,00
Capitalized interest - IBRD 8077 HR	/v/	254.396,00	155.317,00
Capitalized interest - EBRD	/vi/	393.143,00	393.143,00
		87.353.695,00	**64.665.699,00**
SOURCES /LIABILITIES/			
Funds remitted from State budget	/i/	(19.910.471,00)	(16.632.097,00)
Liabilities against IBRD Loan No.7410 HR		(39.655.104,00)	(39.409.052,00)
Liabilities against IBRD Loan No.8077 HR		(24.553.580,00)	(5.553.580,00)
Own funds - repaid EBRD loan		(393.143,00)	(393.144,00)
Port of Ploče Authority's own funds	/ii/	(1.067.276,00)	(903.705,00)
Penalties - 5% of contracted works (own sources)	/vii/	(1.774.121,00)	(1.774.121,00)
		(87.353.695,00)	**(64.665.699,00)**

***** Capitalized interest from IBRD Loan No. 7410 HR in 2012 and 2013 has been recorded partly on assets and partly as Port Authority's expenses, since part of those assets was activated. One portion of the interest in the amount of € 13.902,00 is presented on the PPF Advance position.

/i/ State budget funds are non-refundable and up to December 31, 2013 Republic of Croatia invested € 19.910.471,00 (146.527.664 kunas).

/ii/ Up to December 31, 2013 Port of Ploče Authority invested a total of € 1.067.276,00 of own funds in the TTI Project, from which in 2013 invested € 163.569,00 i.e. 1.241.685 kunas (in 2012 - € 122.704,00 or 921.656 kunas) (refer to Note /vii/).

/iii/ The balance on the Designated account set at mean exchange rate of the Croatian national bank as of December 31, 2013 amounted 12.056.939 kunas, i.e. € 1.658.144,00 and refers to: the balance on the designated account for IBRD loan 7410 HR in the amount of € 1.646.153,00 (12.008.436 kunas) and designated account for IBRD loan 8077 HR in the amount of € 11.991,00 (48.503 kunas).

/iv/ Capitalized interests for IBRD Loan 7410 HR amounted a total of € 2.988.178,00, from which the amount of € 246.051,00 i.e. 1.869.129 kunas refers to interest capitalized in 2013.

/v/ Capitalized interests for IBRD Loan No. 8077 HR amounted a total of € 254.396,00, from which the amount of € 99.079,00 i.e. 753.288 kunas refers to interests capitalized in 2013.

/vi/ Capitalized interests for EBRD Loan amounted a total of € 393.143,00. In 2012 Port of Ploče Authority repaid the EBRD Loan from own funds and ceased further withdrawals.

/vii/ Port Authority charged and earned delay penalties in the total amount of € 1.774.121,00 from Konstruktor inženjering d.d. Split, for construction works on the Container terminal, due to which the Port Authority has withdrawn less funds from IBRD loan and State budget.

THE PORT OF PLOČE AUTHORITY
TRADE AND TRANSPORT INTEGRATION PROJECT
IN PORT OF PLOČE

STATEMENT OF SOURCES AND USES OF FUNDS
As of December 31, 2013

(in EUR)

Project	IBRD 7410 HR	IBRD 8077 HR	State Budget	EBRD*	Own funds	Total
Total contracted amount	**58.800.000,00**	**50.000.000,00**	**21.000.000,00**	**11.200.000,00**	**-**	**141.000.000,00**
Withdrawn up to Dec 31, 2013	**39.655.103,00**	**24.553.580,00**	**19.910.471,00**	**393.143,00**	**2.841.397,00**	**87.353.694,00**
Usage of sources/funds up to Dec 31, 2013						
- bulk cargo terminal	5.779.167,00	23.118.994,00	6.000.891,00	0,00	188.579,00	**35.087.631,00**
- container terminal	24.390.142,00	0,00	12.087.022,00	0,00	2.116.830,00	**38.593.994,00**
- supporting port infrastructure - area design	3.272.522,00	1.297.595,00	1.215.048,00	0,00	183.722,00	**5.968.887,00**
- electric communication system PCS	1.265.251,00	0,00	11.492,00	0,00	27.891,00	**1.304.634,00**
- consulting services for Project monitoring and Republic of Croatia's guarantee	299.788,00	0,00	596.018,00	0,00	194.979,00	**1.090.785,00**
- capitalized interests to loans	3.002.080,00	125.000,00	0,00	393.143,00	129.396,00	**3.649.619,00**
Total usage of sources/funds up to 2013	**38.008.950,00**	**24.541.589,00**	**19.910.471,00**	**393.143,00**	**2.841.397,00**	**85.695.550,00**
Designated account balance on Dec 31, 2013	**1.646.153,00**	**11.991,00**	**0,00**	**0,00**	**0,00**	**1.658.144,00**
Total as of Dec 31, 2013 - withdrawn	**39.655.103,00**	**24.553.580,00**	**19.910.471,00**	**393.143,00**	**2.841.397,00**	**87.353.694,00**
Unused as of Dec 31, 2013	**19.144.897,00**	**25.446.420,00**	**1.089.529,00**	**10.806.857,00**	**-**	**53.646.306,00**

***Note:** In 2012 Port Authority settled its liability for withdrawn EBRD Loan from own funds and ceased further withdrawals.

Notes to Project Financial Statements on pages 12 to 22 form an integral part of these Project Financial Statements
Independent Auditors' Report – page 3-4 and 30

THE PORT OF PLOČE AUTHORITY
TRADE AND TRANSPORT INTEGRATION PROJECT
IN PORT OF PLOČE

STATEMENT OF IBRD, EBRD, STATE BUDGET AND OWN FUNDS FOR PROJECT (Total investments)
As of December 31, 2013

	- in HRK -		- in EUR -	
	Realized in 2013 (1)	Cumulative (2)	Realized in 2013 (3)	Cumulative (4)
ASSETS				
Cash on the Designated account	**12.056.939**	**12.056.939**	**1.658.144,00**	**1.658.144,00**
Cash on the Designated account set at mean exchange rate of CNB	12.664.308	12.664.308	1.658.144,00	1.658.144,00
Value adjustment exchange rate difference (net)	(607.369)	(607.369)	0,00	0,00
Investments in Project - assets - spent	**179.751.380**	**632.868.790**	**23.773.661,00**	**85.695.549,00**
- goods (PPF)	2.008.963	4.760.211	266.100,00	634.064,00
- construction works	161.704.297	518.293.626	21.391.689,00	70.261.752,00
- consultant services and training	13.336.802	82.757.280	1.770.995,00	11.150.114,00
- capitalized interest (IBRD and EBRD)	2.701.318	27.057.673	344.877,00	3.649.619,00
TOTAL ASSETS UP TO DEC 31, 2013	**191.808.319**	**644.925.729**	**25.431.805,00**	**87.353.693,00**
LIABILITIES / EXPENSES / SOURCES				
Loans	**144.862.864**	**474.510.127**	**19.246.051,00**	**64.208.683,00**
IBRD Loan 7410 HR	1.869.129	299.180.328	246.051,00	39.655.103,00
IBRD Loan 8077 HR	143.424.955	185.015.467	19.000.000,00	24.553.580,00
Value adjustment against mean exchange rate of CNB	(431.220)	(9.685.668)	0,00	0,00
Non-refundable investments from State budget	**25.000.000**	**146.527.665**	**3.278.374,00**	**19.910.471,00**
Own funds and other sources	**1.241.685**	**23.887.937**	**163.569,00**	**3.234.539,00**
TOTAL EXPENSES	**171.104.549**	**644.925.729**	**22.687.994,00**	**87.353.693,00**
Difference - Special account opening balance Jan 1, 2013	**20.703.770**	**0**	**2.743.811,00**	**0**

Notes to Project Financial Statements on pages 12 to 22 form an integral part of these Project Financial Statements

Independent Auditors' Report – page 3-4 and 30

STATEMENT OF SOURCES AND USES OF WORLD BANK FUNDS (Loan no. 7410 HR and 8077 HR) For the year ended December 31, 2013

Comments on Statement of Sources and Uses of Funds

(1) Port of Ploče Authority was granted with PPF Advance (Agreement no. P4220) amounting to US$ 1.750.000 for financing specific expenditures arising from preparation of Trade and Transport Integration Project in port of Ploče (TTI Project). The PPF was in use up to March 20, 2007 and forms a part of principal of the IBRD Loan 7410 HR.

(2) Up to March 20, 2007 Port Authority has withdrawn US$ 534.300,47 from the PPF Loan. On April 11, 2007 Port Authority returned the balance of PPF in the amount of US$ 16.098,53 which amount has not been spent for the Project, therefore the total withdrawn and used funds from PPF Advance amount to US$ 518.201,94, i.e. € 349.582.

(3) When IBRD Loan no. 7410 HR became effective Port of Ploče Authority performed a conversion for all investments in US dollars according to the coefficient 1 US$ = € 0,748783 and the Loan in 2007 and the following years is expressed only in euros.

(4) On November 20, 2006 Port Authority signed the Loan Agreement with the World Bank no. 7410 HR in the amount of € 58.800.000,00 for TTI Project. Repayment deadline is 15 years with 5 year grace period, interest rate is 6-month LIBOR plus fixed margin. Interest was floating from 5,82% - 0,53% and the commitment charge is set to 0,25%. Funds can be withdrawn and used up to December 31, 2011 and the first principal and interest installment matured on April 1, 2012 and the last will mature on October 1, 2021. The interest is being capitalized in accordance with IAS 23 – Borrowing Costs.
The use of the Loan has been extended up to June 30, 2014, the same time as set for the IBRD Loan 8077 HR which has been granted for additional financing of the Bulk cargo terminal.
Since planned investments financed from the loan are still not completed, the Port Authority submitted their request for further extension of the deadline.

(5) In 2011 Port Authority and IBRD concluded a new Loan Agreement No. 8077 HR for additional financing of the Bulk cargo terminal in the amount of € 50.000.000,00. The repayment period is 23 years, with 12 year grace period and 6-month EURIBIR increased by variable interest margin. The initial fee is 0,25%. The loan should be withdrawn up to June 30, 2014. Since planned investments financed from the loan are still not completed, the Port Authority submitted their request for extension of the deadline.
The first repayment installment matures on November 15, 2023 and the last on May 15, 2034.

(6) According to Loan Agreements, Republic of Croatia overtook the obligation to finance the Project in the amount of € 21.000.000,00.

(7) In 2007 PPA and EBRD concluded the Loan Agreement in the amount of € 11.200.000,00 for financing Bulk cargo terminal. From that Loan PPA has withdrawn the amount of € 393.144,00 for interests and fees.

(8) In 2012 Port of Ploče Authority repaid the EBRD loan since, according to the contracted works for the Bulk cargo terminal, there will be no need for these funds.

THE PORT OF PLOČE AUTHORITY
TRADE AND TRANSPORT INTEGRATION PROJECT
IN PORT OF PLOČE

STATEMENT OF SOURCES AND USES OF WORLD BANK FUNDS (Loan 7410 HR)
For the year ended December 31, 2013

(in euros)

	Realized in 2013 (1)	Cummulative (2)	Ensured funds (3)	Variance (3) - (2)
FINANCING:				
Opening balance on the Designated account	2.743.811,00	0,00		
From the Designated account	0,00	34.474.543,00		
Direct withdrawal	0,00	2.178.480,00		
Capitalized interest - direct	246.051,00	3.002.080,00		
TOTAL FINANCING	**2.989.862,00**	**39.655.103,00**	**58.800.000,00**	**19.144.897,00**
EXPENSES:				
Construction works	0,00	28.949.366,00		
Goods, consulting services	1.097.908,00	6.045.450,00		
Capitalized interest *	245.801,00	3.002.080,00		
Unallocated - repaid to PPF	0,00	12.054,00		
TOTAL EXPENSES:	**1.343.709,00**	**38.008.950,00**	**58.800.000,00**	**20.791.050,00**
Difference - balance on the Designated account	**1.646.153,00**	**1.646.153,00**		

*Note: Capitalized interest decreased by € 250,00, which was recognized in the previous period.

Notes to Project Financial Statements on pages 12 to 22 form an integral part of these Project Financial Statements
Independent Auditors' Report – page 3-4 and 30

STATEMENT OF SOURCES AND USES OF WORLD BANK FUNDS (Loan 8077 HR)
For the year ended December 31, 2013

(in euros)

	Realized in 2013 (1)	Cumulative (2)	Ensured funds (3)	Variance (3) - (2)
FINANCING:				
Designated account opening balance	0,00	0,00		
Designated account	19.000.000,00	19.000.000,00		
Direct withdrawal	0,00	5.428.580,00		
Loan fee	0,00	125.000,00		
TOTAL FINANCING:	**19.000.000,00**	**24.553.580,00**	**50.000.000,00**	**25.446.420,00**
EXPENSES:				
Construction works	18.988.009,00	24.416.589,00		
Loan fee	0,00	125.000,00		
TOTAL EXPENSES:	**18.988.009,00**	**24.541.589,00**	**50.000.000,00**	**25.458.411,00**
Difference - balance on the Designated Account	**11.991,00**	**11.991,00**		

Notes to Project Financial Statements on pages 12 to 22 form an integral part of these Project Financial Statements
Independent Auditors' Report – page 3-4 and 30

STATEMENT OF SOURCES AND USES OF REPUBLIC OF CROATIA'S STATE BUDGET FUNDS
For the year ended December 31, 2013

(in euros)

	Realized in 2012 (1)	Cumulative (2)	Ensured funds (3)	Variance (3) - (2)
FINANCING:				
Direct withdrawal from State budget	3.278.374,00	19.910.471,00	N/A	N/A
Project account balance	0,00	0,00		
TOTAL FINANCING:	**3.278.374,00**	**19.910.471,00**	**21.000.000,00**	**1.089.529,00**
EXPENSES:				
Construction works	2.403.676,00	15.277.044,00	N/A	N/A
Consulting services (Republic of Croatia's guarantee, utility and water contributions, approval from Croatian electric company)	874.698,00	4.633.427,00		
TOTAL EXPENSES:	**3.278.374,00**	**19.910.471,00**	**21.000.000,00**	**1.089.529,00**

Notes to Project Financial Statements on pages 12 to 22 form an integral part of these Project Financial Statements
Independent Auditors' Report – page 3-4 and 30

NOTES TO PROJECT FINANCIAL STATEMENTS
For the year ended December 31, 2013

INTRODUCTION

Due to significance of southern Adriatic development, Republic of Croatia through Port of Ploče Authority's Trade and Transport Integration Project (TTI) used funds of World Bank (IBRD), European bank (EBRD) and Republic of Croatia's Government in order to build and reconstruct port infrastructure as well as improve port information system. Primary elements of TTI Project are:

- first phase of multipurpose terminal construction
- construction of bulk cargo terminal
- construction and rehabilitation of other port infrastructure and superstructure
- implementation of information system to improve rendering services to all users of this traffic route

Preparing the implementation of these projects is financed partly from own funds, advance funds of World Bank (PPF project Preparation Facility), PPIAF donation (Public Private Infrastructure Advisory Facility) and EBRD donation (Refer to Note 2.7).

/i/ On September 3, 2005 the IBRD together with Republic of Croatia Ministry of Finance signed the Agreement Letter No. P4220 in amount of US$ 1,750.000 for the Preparation of Proposed Trade and Transport Integration Project ("TTI Project"). The purpose of the TTI Project is to support and enhance the modernization and transformation of the Ploče port and its trade and transport integration. The purpose of the Advance was to finance certain expenditures required for the preparation of the Project that would improve the Transport Corridor Vc capacity, efficiency and quality of services to meet projected traffic demand with particular focus on Ploče port.
The activities for which the Advance was given are as follows:

- to prepare and finance the detailed design and bidding documents for the proposed Port Ploče infrastructure (bulk cargo terminal, container/multipurpose terminal and other infrastructure) to meet Croatian and World Bank's requirements;
- to conduct supplemental geo-mechanical studies;
- to conduct a detailed system analysis of information flows for a port/corridor community system, specify system and messages, and prepare the corresponding technical specifications and bidding documents; and
- to support translation, financial management and procurement of the Project during Project preparation, training and purchase of related computer and communication equipment.

The PPF was used up to March 20, 2007 in the total amount of US$ 518.201,94. Used PPF funds are a part of the IBRD Loan No. 7410 HR principal.

NOTES TO PROJECT FINANCIAL STATEMENTS
For the year ended December 31, 2013

The total TTI Project expenditures were estimated to approximately amount up to 91 million EUR. It is confirmed that IBRD Loan will ensure 58,8 million EUR, EBRD Loan will ensure 11,2 million EUR and State budget 21 million EUR.

In 2011 the TTI Project Investment program was amended and the financial plan has been determined in the total amount of € 141.000.000,00.

The sources of financing are as follows:

	EUR	%
- IBRD Loan (7410 HR)	58.800.000,00	41,70%
- IBRD Loan (8077 HR)	50.000.000,00	35,46%
- EBRD Loan	11.200.000,00	7,94%
- Republic of Croatia Government budget	21.000.000,00	14,89%
Total	**141.000.000,00**	**100,00%**

The funds are intended for investments in:

- Development of infrastructure in port of Ploče
  - construction of bulk cargo terminal
  - construction of multipurpose container terminal
  - construction and rehabilitation of highway, railway and energetic infrastructure on the port area and construction of port entrance.
- Trade and Transport Integration, as well as development and improvement of modern port communication system which will facilitate the integration of information flow in Vc corridor by defining document exchange connection based on international standards.

According to the initial plan, the Project implementation end date was set up to the end of 2011. According to the updated plan the Project is expected to be completed by December 31, 2015.

/ii/ On November 20, 2006 Republic of Croatia and and World Bank concluded the Guarantee Agreement and Port of Ploče Authority and World Bank concluded the Loan Agreement No. 7410 HR amounting to 58,8 million EUR for financing Trade and Transport Integration Project in port of Ploče. The Agreement became effective 120 days after conclusion (March 20, 2007). Repayment date is 15 years with 5 year grace period; interest rate is six month EURIBOR + Bank margin. From the conclusion date till now the interest was from 5,82% to 0,53%. Commitment charge is 0,25%.

NOTES TO PROJECT FINANCIAL STATEMENTS
For the year ended December 31, 2013

The withdrawal date was December 31, 2011, but since the funds have not been withdrawn according to the planned dynamics the withdrawal date has been postponed to June 30, 2014. Since planned investments financed from the loan are still not completed, the Port Authority submitted their request for further extension of the deadline. First principal and interest matured on April 1, 2012 and the last matures on October 1, 2021. The installments are semiannual, every principal installment amounts 5% of the principal plus interest (on every April 1 and October 1). The balance of the non-withdrawn Loan as of December 31, 2013 amounted € 19.144.897,00 and it was confirmed with the IBRD.
In 2011 Port Authority and IBRD concluded a new Loan Agreement No. 8077 HR for additional financing of the Bulk cargo terminal in the amount of € 50.000.000,00. The repayment date is 23 years with 12 years grace period and 6-month EURIBOR increased by variable interest margin. The initial fee is 0,25%. The Loan should be withdrawn to June 30, 2014. Since planned investments financed from the loan are still not completed, the Port Authority submitted their request for further extension of the deadline. The first repayment installment matures on November 15, 2023 and the last on May 15, 2034. The installments are semiannual, every principal installment amounts 5% of the principal plus interest (on every May 15 and November 15). The balance of the non-withdrawn Loan as of December 31, 2013 amounted € 25.446.420,00 and it was confirmed with the IBRD.

/iii/ Port of Ploče Authority concluded Loan Agreement no. 36127 with EBRD dated November 9, 2007 in the amount of € 11.200.000,00 for construction of bulk cargo terminal. Repayment date is 15 years with 4 year grace period. Withdrawals were expected to commence in 2009, but no withdrawals were made up to the date of performing audit. Interest on un-withdrawn funds is EURIBOR +1%. Commitment charge is 0,5%.
Initial fee is 1% which was capitalized as well as the interest.
In 2012 Port Authority repaid the unused Loan since they estimated there is no need for the mentioned funds.
The interest and bank fees arising from this Loan amounted € 393.144,00. They were recorded on assets and form the acquisition value of the Bulk cargo terminal in construction.

/iv/ Based on the concluded Agreements the Republic of Croatia obliged to ensure approximately € 21.000.000,00 from State budget to participate in financing of the TTI Project in such way to finance 40% of construction works, to supply guarantee for received foreign loans, as well as for financing 100% of various taxes and contributions.
During 2010 the financing has been amended (Amendment Letter) after which the State budget participates with only 10% for construction works. According to the Loan Agreement No. 8077 HR, Republic of Croatia is not obliged to finance construction works.

/v/ Port of Ploče Authority participated in financing the TTI Project from own funds according to its abilities.

NOTES TO THE PROJECT FINANCIAL STATEMENTS
For the year ended December 31, 2013

2. REALIZATION OF TRADE AND TRANSPORT INTEGRATION PROJECT IN PORT OF PLOČE

Project Expenditures to Date

The Project Expenditures have been stated in 2013 in the Statement of Funds and Liabilities/Sources **against paid invoices**. As of December 31, 2013 funds withdrawn from the Loan 7410 HR amounted € 39.655.104,00, from Loan 8077 HR amounted € 24.553.580,00, from State budget € 19.910.471,00 and own funds € 3.234.540,00, which amounts to a total of € 87.353.695,00.

2.1 Accounting Records and Basis of Presentation

For recording and monitoring funds received from IBRD, EBRD and the State budget Port of Ploče Authority used CIRIS Integral Accounting Information System on a Windows XP platform. It has the ability to convert all the data and reports in Excel format or PDF format so they can easily be sent through e-mail if necessary.

The mentioned accounting system enables generating all reports within the project sub-balance sheet in kunas and euros which facilitates easier Project reporting.

2.2 Project Management (PIU)

Port of Ploče Authority has significant experience and capacity in preparation and implementation of bidding documents, as well as in accounting and with support of its experts is capable of implementing the Project pursuant to IBRD Guidelines. Port of Ploče Authority established the Project Implementation Unit (PIU) which has the responsibility for overall project management and coordination.

Respective Departments within Port of Ploče Authority are responsible for project implementation, monitoring, financial management, as well as procurement. All the original project documents, contracts, payments orders, bank statements and all other relevant accounting documents are kept by PIU, filled promptly and organized in manner to ensure the full audit trail with the accounting software records.

2.3 First Phase of Multipurpose Container Terminal Construction

According to the procedure prescribed by IBRD, on November 30, 2007 Port of Ploče Authority concluded construction contract with Konstruktor Inženjering d.d. Split. Formal commencement date of the works was December 14, 2007 and the completion date was 700 days. Building permit was issues on November 19, 2007. The construction was completed by the middle of 2010 and all necessary permits were issued by the end of 2010.

Based on this contract, a 280 meters of shore together with a ro-ro ramp was built, which enables the PPA to accept ships of Panamx type which can load up to 5.000 TEU.

Total contracted works for construction of the container terminal amounted € 35.647.778,00. The terminal was financed from IBRD Loan in the amount of € 24.390.142,00, from State budget in the amount of € 12.087.022,00 and from own funds € 2.116.830,00, which makes a total of € 38.593.994,00.

In February 2011 Port Authority transferred the management over the terminal to the concessionaire Luka Ploče d.d.

Supervision

Supervision over construction works on the multipurpose container terminal was performed by IGH d.d. Zagreb subsidiary Split, in accordance with the bidding procedure.
The mentioned service was completely paid from the IBRD Loan in the amount of € 1.107.856,00 during construction of the terminal.

2.4 Construction of Bulk Cargo Terminal

Port of Ploče Authority concluded Contract no. 1.4. on March 10, 2006 with IGH d.d. Zagreb for geotechnical investigation works on bulk cargo terminal amounting to US$ 291.393,24 equivalent to approximately 1.789.795 kunas.
Works completion date was 5 months after Contract conclusion, respectively August 10, 2006. Annex I to the Contract extended the completion date up to October 10, 2006 and Annex II dated October 11, 2006 further extended the completion date up to January 31, 2007. Final payment certificate was submitted on February 6, 2007 in the total contracted amount. Based on the concluded Agreement and Annex a total of € 236.429,00 has been paid.

On May 8, 2007 Port of Ploče Authority was granted with location permit for commencement of bulk cargo terminal construction works. Port of Ploče Authority published request for proposals in accordance with World Bank Guidelines for design and master plan of the terminal and TEC Inc. & BCEOM (USA & France) and Hidroprojekt (Croatia) were chosen. The Agreement has been signed on November 20, 2007 in the amount of US$ 403.100,00 plus € 277.106,00. Annex to the Agreement from April 25, 2008 amended terms of reference for the design of technology development, optimization of technological equipment, consolidation of soil, increasing the contracted amount for $ 44.000,00 and € 119.050,00, as well as additions to the contract on the same day for an additional $ 55.880,00 and € 149.325,00 for changes to the terms of reference.

Port Authority increased the contracted amount by signing Annex number 6 for additional $ 67.626,00 and € 308.375,00 due to the accepted budget on August 3, 2010.
In 2010 Port Authority signed the Annex No. 7 for the additional costs of translation and validation in the amount of € 99.238,00.
The Agreement was realized conclusive with November 30, 2011. A total of € 1.375.823,00 was paid pursuant to the Agreement and Annexes.
The increased costs of the designers occurred due to seismic impacts on coastal construction and the length of useful use of the terminal, as well as the decision brought by the investor on the reduction of coastal structures and acceptance of ships approximately 150.000 dwt instead of 180.000 dwt to reduce amount of excavation of the access channel.
For the needs of audit of Bulkcargo terminal project on June 29, 2008 PPA concluded the Agreement with Rijekaprojekt d.o.o. which was completely realized on November 30, 2011. Based on the concluded Agreement the audit of the project was paid in the amount of € 111.897,00.

During designing the BCT the investor also used IGH d.d. consultant services pursuant to the Agreement concluded on November 26, 2007. The Agreement was completely realized on January 31, 2010 in the amount of € 54.641,00.

On August 25, 2008 Port Authority and Keller Geotechnik d.o.o. Varaždin concluded an Agreement in the amount of 14.546.348 kunas for accelerated consolidation of the warehouse soil surface on the Bulk cargo terminal. The completion was scheduled On December 15, 2008. The Agreement was completed in December 2008 in the amount of € 1.613.508,00.
In April 2011 PPA published request for proposals for the construction of the Bulk cargo terminal.
In November 2011, according to the World Bank's procedure the best bidder for the construction of the Bulk Cargo Terminal was selected - joint venture Konstruktor inženjering, Croatia and Primorje, Slovenia. The Agreement has not been concluded with the selected joint venture since they did not deliver the performance guarantee. As an insurance for the bid they submitted a guarantee issued by Jadransko osiguranje d.d. Zagreb, branch Split in the amount of € 900.000,00.
In accordance with the bidding procedure, PPA initiated proceedings for the collection of the received guarantee. Jadransko osiguranje d.d. did not pay the guarantee on first demand, and the Port Authority in 2012 filed a claim on court to collect the guarantee. By the end of 2013 the Court brought an invalid verdict in favour of Port Authority and Jadransko osiguranje appealed on the said verdict.

NOTES TO THE PROJECT FINANCIAL STATEMENTS
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In March 2012 Port Authority entered into the work contracts for bulk cargo terminal with the joint venture CYES, Spain and Viadukt, Croatia in the amount of 406.492.091 kunas (€ 54.122.000,00), and supervision contract with the joint venture Institut IGH, Croatia and Invest inženjering, Croatia in the amount of 9.110.880,00 kunas and € 197.000,00 (a total of € 1.410.000,00), and initiated works in May 2012. The deadline for the works is 790 days (26 months).
Up to December 31, 2013 a total of € 25.174.948,00 has been paid for the Bulk cargo terminal from IBRD Loans (to JV Cyes-Viadukt), from which the amount of € 23.088.735,00 as an advance payment and for completed work statements from IBRD Loan 8077 HR and the rest in the amount of € 2.086.213,00 according to the completed work statements from IBRD Loan 7410 HR. The Port Authority paid from IBRD loan 7410 HR up to December 31, 2013 a total of € 743.141,00 for supervision over construction works on BC terminal (JV IGH-Invest Inženjering).

In October 2012 the PPA has begun negotiations with the contractor about changing the Main Project which proposed an alternative solution to improve the performance of soil gravel pilots in the access bridge area. Total savings for the proposed solution are estimated at around 3,7 million euros.
On March 28, 2013 the PPA and the contractor have signed an agreement that defined that the parties agree that the savings identified by the supervisor, resulting from the application of Article 13.2. of the Works contract shall be distributed in the ratio of 60% to the Port of Ploče Authority and 40% to the contractor. The agreement also established that the contractor gives up all claims to possible future requests for additional payments on the basis of the delay in the implementation of contracts, engaged unused equipment, proposals, indirect damages, and everything else related to the specific case. The contractor also confirmed that completion date remains unchanged, and that they will deliver additional guarantees for the works executed by the new ruling.
According to the Monthly report issued by Exstructa d.o.o. in charge of Project management and technical support from March 2014, the completion of works is expected up to August 2014.

In June 2013 the PPA and Exstructa d.o.o. from Croatia concluded the agreement on Project management and technical support for construction of the infrastructure on the bulk cargo terminal. The value of the agreement is 498.705 kunas for the contracted period from June 12, 2013 to June 30, 2014. By concluding Annex 1 to the agreement, the PPA prolonged the period up to March 31, 2015 which increased the agreed cost of services to 698.055 kunas.
Up to December 31, 2013 the PPA paid from IBRD Loan the total amount of € 33.106,00.

NOTES TO THE PROJECT FINANCIAL STATEMENTS
For the year ended December 31, 2013

2.5 Preparation works for delivery and stone lodgement on port area for construction of port terminals

On February 22, 2007 Port of Ploče Authority and Osijek Koteks d.d. Osijek concluded Contract no. 2.1. in the amount of 13.289.085 kunas, respectively € 1.805.582,00 for preparation works on construction of port terminals. The Contract defines works for version 1 which comprises of:

1. Preloading dam on container terminal area
2. Preloading dam on bulk cargo terminal area
3. Temporary stone lodgement
4. Temporary stone lodgement reserve
5. Dam on binding and marshalling gauges for bulk cargo terminal
6. Preparation of stone fractions (separations) area for bulk cargo terminal
7. Wasted material lodgement area

Port of Ploče Authority and Hrvatske autoceste d.o.o. arranged delivery of approximately 2.000.000 m^3 of stone material exhumed from highway route Ravča – entrance to Ploče port.
The stone was brought by trucks and was loaded on the port area specified for Preparation works for construction of port terminals. Exhumation and transport of the stone were responsibility of Hrvatske autoceste (Croatian highways) and they, according to their procedures, selected a contractor and arranged these works.

Port Authority requested the approval from Central State office for Republic of Croatia assets management for use of those stone materials. On February 5, 2009 Port Authority received a Decision brought by the Croatian Government's Commission for assets by which the use of surplus excavated stone material in the port area of Ploče is allowed.
Port Authority increased the value of land – maritime domain for the stone material granted by the Republic of Croatia free of charge for the total estimated value of 59.943.350 kunas (36,5 kunas per m^3).
The agreed works have been completed in 2010.
Up to December 31, 2013, pursuant to the agreement concluded with Osijek Koteks d.d., PPA paid a total of € 2.076.611,00, i.e. € 1.346.077,00 from IBRD Loan 7410 HR, € 186.346,00 from IBRD Loan 8077 HR and € 544.188,00 from State budget.

2.6 PCS Port Communication System

Development of port communication system represents one of the TTI Project components whose aim is to electronically connect all participants of the primary port procedures in order to ensure a safe and prompt information flow and in such way enhance efficiency of the port and Ploče traffic route as a whole.

After conducted international bidding, the company Amsterdam Port Consultants, Amsterdam was chosen for Port Communication System Project consultant. Contract No. P4220 1.3. was concluded on June 20, 2006 amounting to 450.000,00 EUR.
Planned Project completion term was February 20, 2007 which was extended for a further 5 months by concluded Annex to the Contract. The final report was submitted in December 2009. Based on the concluded Agreement and Annex, the PPA paid € 448.832,00.
The bidding procedure was made for the delivery of equipment, programming and system implementation. The contract was concluded with JV Actual IT (Slovenia) and S&T Croatia (joint venture) in the amount of € 650.129,80 plus 2.331.493 kunas.
In 2011 Port Authority acquired equipment, while the other programming solutions were completely implemented in February 2013 when they were activated in the total amount of 8.922.947 kunas (€ 1.200.176,00). According to the concluded Agreement, IBRD loan also funds maintenance services for the following 3 years.
Up to December 31, 2013 the PPA paid, based on the mentioned Agreement, the amount of € 707.645,00 from IBRD Loan 7410 HR.
Port of Ploče Authority and Neos d.o.o. on October 27, 2010 concluded the Agreement for application of the information system in the amount of € 68.000,00. Up to December 31, 2013 the amount of € 79.385,00 has been paid based under that agreement.
Development of external information system outside of Project in some extent overlaps with design functionality of PCS, so the PPA started using them (CIMIS system - announcement of arrivals and departures of ships, NCTS system - transit customs procedures).

2.7 IBRD Grant (PPIAF)

Royal Haskoning consultant was ensured through IBRD for consulting services to enhance private participation in the development of the port of Ploče (PPIAF - Public Private Infrastructure Advisory Facility). The Project started in November 2005.
Funds for this project assignment have been ensured by Public Private Infrastructure Advisory Facility (PPIAF). PPIAF is an institution associated with the World Bank which provides multiple technical assistance in order to help developing countries to improve their infrastructure quality through involving private sector.
PPIAF carries out its mission by channeling technical aid to developing countries' governments on strategies and steps, to achieve full potential of private sector into infrastructure and to identify, transport and promote the best practice on those fields.
The consultant presented the Master plan of port of Ploče development, Business plan for Port of Ploče Authority and Business plan for Luka Ploče d.d. Ploče, as well as draft Action plan.

NOTES TO THE PROJECT FINANCIAL STATEMENTS
For the year ended December 31, 2013

2.8 Entrance Complex

The contract for drafting the main project of the entrance complex including preparation of bidding documents, and obtaining a building permit was signed in October 2008 with the company IGH-PC Split in the amount of € 599.005,00. The main project has been completed in December 2011 while the adjusting and control procedure has been completed in June 2012.
Up to December 31, 2013 the PPA paid a total of € 601.775,00 based on the mentioned contract.

In December 2012, the PPA has signed an agreement on developing specification for operating and control system of the input terminals of the Port of Ploče Authority with Actual I.T. d.o.o., Slovenia in the amount of € 76.353,75. The specification was made in September 2013. By December 31, 2013 a total of € 67.870,00 was paid.

In September 2013, the PPA signed the Agreement for construction works on the input terminal with the JV Mucić & Co. d.o.o., Viadukt d.d. and GK Grupa d.o.o. in the amount of 84.454.879 kunas (€ 11 million), and the Agreement on the supervision over works on the specified terminal with Institut IGH d.d. in the amount of 3.114.930 kunas (€ 412.000,00). The works have started in December 2013 and the completion deadline is 550 days (18 month and has started to work in December 2013th year. The deadline for the works is 550 days (18 months).

Up to December 31, 2013 a total of € 1.111.248,41 has been paid in advance fromIBRD Loan 8077 HR.

The bidding procedure is planned to be published for acquisition of the access management and control system. Planned completion deadline is second half of 2015.

2.9 Reconstruction and Extension of the main port road no.2, connecting road no.3 and supporting infrastructure

The Port Authority concluded the Contract 7410 HR 2.5. with Osijek Koteks d.d. Osijek on August 20, 2009 and Annex to the contract no. 1 in the amount of 687.541 kunas for reconstruction and extension of the main port road no.2, connecting road no.3 and supporting infrastructure in the total amount of 6.971.594 kunas (€ 955.831,00).
The works have been completed in 2010 and have been paid in the total amount of € 941.828,00.

2.10 Preliminary works for bulk cargo terminal

Port Authority and Osijek Koteks d.d. Osijek have signed a contract for works on Consolidation of the stacking area BCT (7410HR 2.9.) for a contracted price of 2.387.000 kunas (€ 329.400,00) (154.000 m^3 of stone material). Works consist of loading the already prepared stone embankment (the landfill outside the port area), transport by trucks to the future location of the terminal, unloading and spreading, leveling to the set height, arrangement of the landfill and other in accordance with specification and price list.

The works have been completed in 2013. Up to December 31, 2013 the amount of € 162.406,00 has been paid for this contract.

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APPENDIX I
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SUMMARY SHEET
(With Supporting Documents)
of Loan No. 7410 HR amount utilized as of December 31, 2013

Contractor / supplier	Contract No. / date	Contracted currency	Total contracted amount	Invoice number	Total amount of invoice covered by request	% financed by IBRD	Amount adequate for financing	Amount paid from the Designated account	Date of payment from the Designated account	Amount paid directly
			(EUR)		(EUR)		(EUR)	(EUR)		(EUR)
Balance of the used Loan up to Dec.31, 2012					**36.664.990,83**					
LOAN USAGE IN 2013:										
CONSULTANTS IGH d.d. Zagreb	Agreement 7410 HR 20.10.2008.	EUR	592.800,00	16-1214-12 - final work statement	34.338,94		34.338,94 0,00	34.338,94 0,00	18.1.2013	
Total					34.338,94	100%	34.338,94	34.338,94		

APPENDIX I
(in euros)
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Contractor / supplier	Contract No. / date	Contracted currency	Total contracted amount	Invoice number	Total amount of invoice covered by request	% financed by IBRD	Amount adequate for financing	Amount paid from the Designated account	Date of payment from the Designated account	Amount paid directly
			(EUR)		(EUR)		(EUR)	(EUR)		(EUR)
IGH d.d. forgreb	7410HR 1.10.2.from 21.09.2012.	EUR	45.800,00	16-1221-12 - 1 Temporary WS 361-ST-49054 - final WS	22.855,91 22.855,91		22.855,91 22.855,91	22.855,91 22.855,91	18.1.2013 31.5.2013	
Total					**45.711,82**	**100%**	**45.711,82**	**45.711,82**		
IRIS NOVA d.o.o.	Agreement 1.8.3. from 11.02.2013.	EUR	65.000,00	227/1/1-70% 264/1/1-30%	15.411,93 6.591,90		15.411,93 6.591,90	15.411,93 6.591,90	9.7.2013 19.7.2013	
Total					**22.003,83**	**100%**	**22.003,83**	**22.003,83**		
NEOS-forgreb	Agreement br. 1.3. from 27.12.2010.	EUR	76.143,00	130016-130021 14/1/1	31.369,41 7.382,48		31.369,41 7.382,48	31.369,41 7.382,48	10.4.2013 19.7.2013	
Total					**38.751,89**	**100%**	**38.751,89**	**38.751,89**		
Exstructa d.o.o.	Agreement 1.14. from 12.06.2013.	EUR	91.849,34	03/01/1 for 06/13 09/01/1 for 07/13 13/01/1 for 08/13 20/01/1 for 09/13 24/01/1 for 10/13 31/01/1 for 11/14	3.436,73 6.381,61 4.299,27 6.705,53 6.696,71 5.586,07		3.436,73 6.381,61 4.299,27 6.705,53 6.696,71 5.586,07	3.436,73 6.381,61 4.299,27 6.705,53 6.696,71 5.586,07	25.7.2013 23.8.2013 18.10.2013 31.10.2013 17.12.2013 24.12.2013	
Total					**33.105,92**	**100%**	**33.105,92**	**33.105,92**		

APPENDIX I
(in euros)

- continued -

Contractor / supplier	Contract No. / date	Contracted currency	Total contracted amount	Invoice number	Total amount of invoice covered by request	% financed by IBRD	Amount adequate for financing	Amount paid from the Designated account	Date of payment from the Designated account	Amount paid directly
			(EUR)		(EUR)		(EUR)	(EUR)		(EUR)
Actual d.d.	Agreement 1.10.1. from 06.12.2012.	EUR	67.870,00	90015706-1PS	13.574,00		13.574,00	13.574,00	6.3.2013	
				90014635-2PS	13.574,00		13.574,00	13.574,00	11.7.2013	
				90015664-3PS	13.574,00		13.574,00	13.574,00	19.9.2013	
				90015705-4PS	13.574,00		13.574,00	13.574,00	11.10.2013	
				90015706-Final WS	13.574,00		13.574,00	13.574,00	11.10.2013	
Total					**67.870,00**	**100%**	**67.870,00**	**67.870,00**		
Actual d.d.	Agreement 3.3. from 10.11.2010.	EUR	973.578,00	13262-13750	254.160,86		254.160,86	254.160,86	6.3.2013	
				refund	(90.106,86)		(90.106,86)	(90.106,86)	19.3.2013	
				13852-14455	27.365,14		27.365,14	27.365,14	31.5.2013	
				13851-14458	9.626,22		9.626,22	9.626,22	31.5.2013	
				14834, 14837	3.208,74		3.208,74	3.208,74	9.7.2013	
				14835, 14836	6.119,32		6.119,32	6.119,32	11.7.2013	
				15155-15158	9.365,05		9.365,05	9.365,05	25.7.2013	
				90015429-90015432	9.319,90		9.319,90	9.319,90	23.8.2013	
				90015612-90015615	9.275,42		9.275,42	9.275,42	19.9.2013	
				90015928-90015931	9.263,40		9.263,40	9.263,40	31.10.2013	
				90016177-90016180	9.255,41		9.255,41	9.255,41	29.11.2013	
				90016352,90016353,9001635 5,90016356	9.247,44		9.247,44	9.247,44	24.12.2013	
Total					**266.100,04**	**100%**	**266.100,04**	**266.100,04**		

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Contractor / supplier	Contract No. / date	Contracted currency	Total contracted amount	Invoice number	Total amount of invoice covered by request	% financed by IBRD	Amount adequate for financing	Amount paid from the Designated account	Date of payment from the Designated account	Amount paid directly
			(EUR)		(EUR)		(EUR)	(EUR)		(EUR)
IGH d.d.	Agreement 1.7.2. from 30.3.2012.	EUR	1.410.000,00	16-01134-12 for 11/12	47.965,29		47.965,29	47.965,29	29.1.2013	
				16-01313-12 for 12/12	35.653,19		35.653,19	35.653,19	27.2.2013	
				61-ST-49054 for 01/13	35.085,92		35.085,92	35.085,92	27.2.2013	
				202-ST-49054 for 02/13	45.793,14		45.793,14	45.793,14	3.4.2013	
				264-ST-49054 for 03/13	39.295,18		39.295,18	39.295,18	2.5.2013	
				457-ST-49054 for 04/13	38.307,28		38.307,28	38.307,28	31.5.2013	
				566-ST-49054 for 05/13	40.836,91		40.836,91	40.836,91	4.7.2013	
				656-ST-49054 for 06/13	41.240,81		41.240,81	41.240,81	19.7.2013	
				790-ST-49054 for 07/13	33.310,52		33.310,52	33.310,52	23.8.2013	
				896-ST-49054 for 08/13 without VAT	51.734,97		51.734,97	51.734,97	11.10.2013	
				976-ST-49054 for 09/13 without VAT	51.199,57		51.199,57	51.199,57	31.10.2013	
				1093-ST-49054 for 10/13 without VAT	48.661,87		48.661,87	48.661,87	29.11.2013	
				1202-ST-49054 for 11/13 without VAT	52.000,02		52.000,02	52.000,02	24.12.2013	
Total					**561.084,67**	**100%**	**561.084,67**	**561.084,67**		

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Contractor / supplier	Contract No. / date	Contracted currency	Total contracted amount	Invoice number	Total amount of invoice covered by request	% financed by IBRD	Amount adequate for financing	Amount paid from the Designated account	Date of payment from the Designated account	Amount paid directly
			(EUR)		(EUR)		(EUR)	(EUR)		(EUR)
Ing atest d.o.o.	Agreement 1.12.1. from 1.5.2012.	EUR	52.100,00	004430-4PS	1.859,23		1.859,23	1.859,23	18.1.2013	
				004431-5 PS	2.006,11		2.006,11	2.006,11	18.1.2013	
				161-V100-10-6 PS for 11/12	1.728,93		1.728,93	1.728,93	6.3.2013	
				162-V100-10-7PS for 12/12	1.402,11		1.402,11	1.402,11	6.3.2013	
				1066-V100-10-8 PS for 01/13	1.795,10		1.795,10	1.795,10	8.5.2013	
				1067-V100-10-9 PS for 02/13	1.940,91		1.940,91	1.940,91	2.5.2013	
				2113-2114-9 & 10 PS for 03-04/13	3.665,73		3.665,73	3.665,73	12.6.2013	
				3894-V100-10-12PS for 05/13	2.103,70		2.103,70	2.103,70	23.8.2013	
				3895-V100-10-13 PS for 06/13	1.861,21		1.861,21	1.861,21	23.8.2013	
				4507-V100-10-14PS for 07/13	1.898,22		1.898,22	1.898,22	31.10.2013	
				4508-V100-10-15PS for 08/13	2.412,65		2.412,65	2.412,65	31.10.2013	
				5996-V100-10-16PS for 09/13	1.743,43		1.743,43	1.743,43	24.12.2013	
				5997-V100-10-17PS for 10/13	2.224,70		2.224,70	2.224,70	24.12.2013	
				5998-V100-10-18PS for 11/13	2.299,61		2.299,61	2.299,61	24.12.2013	
Total					**28.941,64**	**100%**	**28.941,64**	**28.941,64**		
TOTAL CONSULTING SERVICES					**1.097.908,75**		**1.097.908,75**	**1.097.908,75**		
TOTAL LOAN USAGE IN 2013					**1.097.908,75**		**1.097.908,75**	**1.097.908,75**		
Balance on the Designated account as of December 31, 2013					**1.646.152,73**					
Capitalized interest and charged fee					**246.051,50**					
TOTAL LOAN AS OF DEC.31, 2013					**39.655.103,81**					

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SUMMARY SHEET
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of Loan No. 8077 HR amount utilized as of December 31, 2013

Contractor / supplier	Contract No. / date	Contracted currency	Total contracted amount	Invoice number	Total amount of invoice covered by request	% financed by IBRD	Amount adequate for financing	Amount paid from the Designated account	Date of payment from the Designated account	Amount paid directly	Date of direct payment
			(EUR)		(EUR)		(EUR)	(EUR)		(EUR)	
Balance of the used loan up to Dec.31, 2012					**5.553.580,28**						
LOAN USAGE IN 2013:											
CONSTRUCTION WORKS											
GIU Cyes - Viadukt	Agreement br. 2.3. from 29.03.2012.	EUR	54.200.000,00	4PS	542.208,94		542.208,94	542.208,94	11.2.2013		
				5PS	2.490.366,65		2.490.366,65	2.490.366,65	3.4.2013		
				6PS	824.244,92		824.244,92	824.244,92	30.4.2013		
				7PS-1.part	1.136.724,96		1.136.724,96	1.136.724,96	29.5.2013		
				7PS-2.part	2.234.416,01		2.234.416,01	2.234.416,01	24.6.2013		
				8PS	543.993,23		543.993,23	543.993,23	9.7.2013		
				9PS-1. part	1.228.000,00		1.228.000,00	1.228.000,00	19.7.2013		
				9PS-2. part	939.204,62		939.204,62	939.204,62	6.8.2013		
				10PS-1. part for 07/13	2.683.065,98		2.683.065,98	2.683.065,98	23.8.2013		
				11PS-1.part for 08/13	560.449,03		560.449,03	560.449,03	20.9.2013		
				12PS for 09/13	505.401,13		505.401,13	505.401,13	14.11.2013		
				13PS for 10/13-without VAT	1.911.712,31		1.911.712,31	1.911.712,31	29.11.2013		
				14PS-1. dio for 11/13-without VAT	2.060.367,45		2.060.367,45	2.060.367,45	20.12.2013		
Total					**17.660.155,23**	**100%**	**17.660.155,23**	**17.660.155,23**			

APPENDIX I
(in euros)

- continued -

Contractor / supplier	Contract No. / date	Contracted currency	Total contracted amount	Invoice number	Total amount of invoice covered by request	% financed by IBRD	Amount adequate for financing	Amount paid from the Designated account	Date of payment from the Designated account	Amount paid directly	Date of direct payment
			(EUR)		(EUR)		(EUR)	(EUR)		(EUR)	
Osijek koteks d.d.	Agreement 2.1.			Final work statement	186.346,45		186.346,45	186.346,45	8.8.2013		
Total					**186.346,45**	**100%**	**186.346,45**	**186.346,45**			
Osijek koteks d.d.	Agreement 2.9.			Final work statement	30.259,09		30.259,09	30.259,09	27.11.2013		
Total					**30.259,09**	**100%**	**30.259,09**	**30.259,09**			
GIU Mucić - Viadukt - GK Grupa	Agreement 2.4. from 10.9.2013			Advance	1.111.248,41		1.111.248,41	1.111.248,41	1.10.2013		
Total					**1.111.248,41**	**100%**	**1.111.248,41**	**1.111.248,41**			
TOTAL CONSTRUCTION WORKS					**18.988.009,18**		**18.988.009,18**	**18.988.009,18**			
TOTAL LOAN USAGE IN 2013					**18.988.009,18**		**18.988.009,18**	**18.988.009,18**			
Balanceon the Designated account as of Dec.31, 2013					**11.990,82**						
Capitalized interest and charged fee											
TOTAL LOAN AS OF DEC.31, 2013					**24.553.580,28**						

IRIS nova d.o.o. RIJEKA
Revizija, porezno savjetovanje,
financijske analize i usluge
F. la Guardia 13, 51000 Rijeka
Hrvatska

INDEPENDENT AUDITORS' REPORT FOR THE DESIGNATED ACCOUNT

Port of Ploče Authority
20340 Ploče, Trg kralja Tomislava 21
Croatia

Introduction

We have audited the accompanying Designated account statement for Trade and Transport Integration Project in port of Ploče (the "Project") financed under World Bank Loan Agreement Letter No. 7410 HR and Agreement Letter No. 8077 HR for the year ended December 31, 2013. The Designated account statement is the responsibility of the management. Our responsibility is to express an opinion on the Designated account statement based on our audit.

Scope

We conducted our audit in accordance with International Standards of Auditing and World Bank guidelines [Annual Financial Reporting and Auditing for World Bank – Financed Activities (from June 2003)]. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Designated account statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Designated account statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Designated account statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying Designated account statement presents fairly, in all material aspects, the cash on the Designated account of the TTI Project financed under World Bank Loan (Agreement Letter No. 7410 HR and 8077 HR) for the year ended December 31, 2013 in accordance with the World Bank guidelines.

IRIS NOVA d.o.o. Rijeka
Fiorello La Guardia 13
51000 Rijeka
CROATIA

IRIS nova d.o.o. RIJEKA

Certified Auditors

Ljiljana Benčić Markulin

Zdravko Ružić

May 09, 2014

PORT OF PLOČE AUTHORITY
TRADE AND TRANSPORT INTEGRATION PROJECT
IN PORT OF PLOČE

DESIGNATED ACCOUNT STATEMENT
For the year ended December 31, 2013

(in EUR)

IBAN No. for US$	HR7324840081500154378
IBAN No. for EUR	HR9524840081300120 58
Depository Bank	Raiffeisenbank Austria d.d. Zagreb
Address	Zagreb, Petrinjska 59 Croatia
Related loan	IBRD Loan 7410 HR
Initial Deposit	December 07, 2005

Description	2013 EUR	2013 HRK
Opening balance Jan 1, 2013	**2.743.811,48**	**20.703.770**
Increase	**0,00**	**0**
Remitted to the Designated account	0,00	0
Decrease	**(1.097.908,75)**	**(8.291.632)**
Payments to suppliers		
IGH d.d. Zagreb	(641.135,43)	(4.842.674)
Ing atest	(28.941,64)	(218.594)
Actual d.d. Slovenia	(333.970,04)	(2.522.013)
IRIS NOVA d.o.o. Rijeka - audit	(22.003,83)	(164.688)
NEOS Zagreb	(38.751,89)	(293.112)
Exstructa d.o.o. Zagreb	(33.105,92)	(250.551)
Loan fee - refund	**250,00**	**1.884**
Exchange rate difference	**0,00**	**158.705**
Designated account balance as of Dec 31, 2013	**1.646.152,73**	**12.572.727**

(set at mean exchange rate of CNB)

/i/ Interest charged for funds on the Designated account represents revenue of Port Authority and is recorded on the regular account at Raiffeisen Bank Austria d.d. Zagreb.

PORT OF PLOČE AUTHORITY
TRADE AND TRANSPORT INTEGRATION PROJECT
IN PORT OF PLOČE

DESIGNATED ACCOUNT STATEMENT
For the year ended December 31, 2013

Depository Bank	Raiffeisenbank Austria d.d. Zagreb
Address	Zagreb, Petrinjska 59 Croatia
Related loan	IBRD Loan 8077 HR
Initial Deposit	Realization in 2013

Description	2013 EUR	2013 HRK
Opening balance Jan.1, 2013	**0,00**	**0**
Increase	**19.000.000,00**	**143.424.955**
Remitted to the Designated account	19.000.000,00	143.424.955
Decrease	**(18.988.009,18)**	**(143.376.451)**
Payments to suppliers		
JV Cyes - Viadukt	(17.660.155,23)	(133.308.532)
Osijek koteks d.d.	(216.605,54)	(1.622.431)
JV Mucić - Viadukt - GK Grupa	(1.111.248,41)	(8.445.488)
Exchange rate difference	**0,00**	**43.078**
Balance on the Designated account as of Dec.31, 2013 (set at mean exchange rate of CNB)	**11.990,82**	**91.582**

/i/ The first withdrawal to this account occurred in 2013.